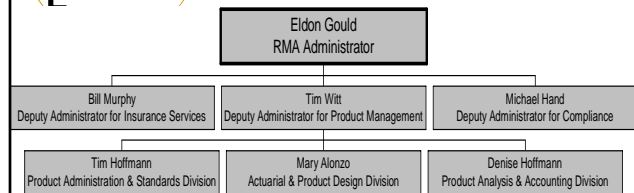


Federal Crop Insurance

Fruit and Vegetable Industry
Advisory Committee
September 8, 2008



RMA Structure



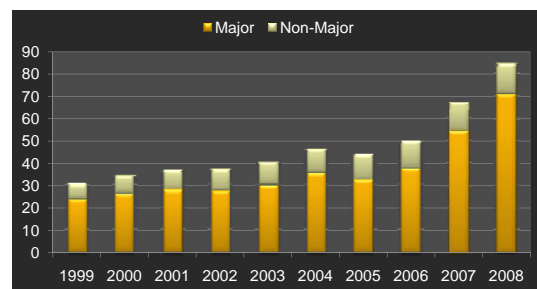
Defining Specialty Crop

Just what is a Specialty Crop?

- Not one of the 10 Major Crops
 - Corn, Soybeans, Wheat, Upland Cotton, Barley, Grain Sorghum, Rice, Tobacco, Peanuts, Potatoes
 - Also not livestock
- Specialty Crops Competitiveness Act of 2004
 - Fruits, Vegetables, Tree Nuts, Dried Fruit & Nursery Crops

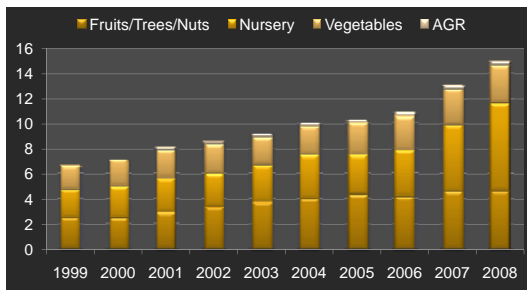
3

Program Growth – The Big Picture Liability in Billions of Dollars



4

Program Growth – Specialty Liability in Billions of Dollars



5

Traditional Plans of Insurance

- Actual Production History (APH)
- Revenue Products (RA & CRC)
- Dollar Plans
- ARG products
- Group Plan
- Actual Revenue History (ARH)

6

Regulatory Programs

VEGETABLES

- Onions
- Sweet Corn & FM
- Tomatoes & FM
- Processing Beans
- Green Peas
- Chile Peppers
- Peppers
- Dry Beans
- Dry Peas & Lentils

7

Regulatory Programs

FRUITS

- Blueberries
- Cranberries
- Citrus
- Nectarines (FM & Processing)
- Peaches (FM & Processing)
- Apricots (FM & Processing)
- Table Grapes
- Grapes
- Apples

- Pears
- Plums
- Prunes
- Figs
- Raisins

NUTS

- Pecans
- Macadamia Nuts
- Almonds
- Walnuts

8

Current Pilot Programs

- Avocados (FL & CA)
- Cabbage
- Cherries
- Navels (plan)
- FL Fruit Trees
- HI Tropical Trees
- HI Tropical Fruit
- Sweet Potatoes
- Options (Onions & Nursery & Sugar Beets)
- Forage Seed
- Silage Sorghum
- Pasture, Range & Forage
- Apiculture

9

Terminated Programs

- Fresh Market Beans
- Processing Cucumbers
- Raspberries & Blackberries
- Strawberries
- Watermelon
- Winter Squash

10

Challenges with Specialty Crops

Especially True for Fruits & Vegetables

- Guarantee
 - Special and unique markets
 - ARH – actual historical revenue
- Indemnity
 - Quality of fruit (i.e. no loss in total production, but realized loss in revenue)
 - ARH – producer revenue receipts

11

FCIC Process

- Governed by Federal Crop Insurance Board of Directors (FCIC Board)
- New Product Development
 - 508 (h) process (PASD)
 - Internal development (APDD)

12

Products in Development

- Actual Revenue History
- Avocado APH
- Named Peril Weather Insurance
- Quarantine
- VIRI – Additional Crops

13

History - Cherry Programs

- Crop Year 1999 – Pilot Dollar Plan Began
- Formal Pilot Evaluation - 05
- June 2005 – Board resolved to continue the Cherry Dollar Plan of Insurance though crop year 2008, but instructed RMA to examine alternatives
- November 2007 – external review
- April 2008 – Approve ARH Program

14

Goal of ARH Development

- Improve from the Dollar Plan
- Provide a revenue coverage for crops lacking a futures contract
- Improve Specialty Crop coverage options
- Guarantee aptly reflects:
 - Good Marketing
 - Quality of fruit
- Indemnity payments consider:
 - Quality of fruit (i.e. no loss in total production, but realized loss in revenue)

15

ARH Program Design

- Many aspects parallel Actual Production History
 - Similar administrative rules
 - The ARH revenue record contains four to ten year's of actual revenues
- Policy Structure
 - Basic Provisions (standard)
 - ARH Endorsement (same for all ARH crops)
 - Crop Provisions (unique)
- Based on the producer's own historical crop revenues
- Offers protection for yield, price, and quality-based losses

16

[Additional ARH Crops]

- Potential Dollar Plan Replacements
 - Navel Oranges
 - Strawberries (already terminated)
- Revenue coverage to crops w/o independent price discovery mechanism
 - Dry Peas & Lentils
 - Sugar Beets

17

[APH Avocado Conversion]

- FCIC Board approved - August 08
- Implement for Crop Year 2010
- Available in six CA counties
- Terminate Avocado Revenue Program

18

[Named Peril Weather Insurance]

- Program Methodology potentially covers many crops
 - Grower defined perils
 - Grower defined periods
- Final Deliverable received by RMA
- Initial Presentation to the Board targeted: September 2008 – seeking external review

19

[Quarantine Endorsement]

- Draft Deliverable July 2008
- Focus Area
 - CA Citrus
 - CA Avocado
 - FL Citrus Nursery

20

[VIRI]

- Vegetation Index / Rainfall Index
 - Cellulosic Grasses (i.e. switch grass)
 - Camelina
 - Triticale
- Market Potential for Energy Crops

21

[Technology Horizon]

- Embedded in Design
 - NPWI
 - VIRI
- Data enhancements – ITM
- Program Monitoring

22

[Risk Management Agency]

Thank You

Contact:

matt.kamphoefner@rma.usda.gov

(816) 926-6871



23